

## REMARKS/ARGUMENTS

This Response is directed to the May 19, 2005 Office Action. This Office Action is one of a series of Office Actions, beginning with the January 26, 2004 Office Action. Applicant responded to the January 26, 2004 Office Action on May 26, 2004. In response, the Examiner mailed another Office Action on August 31, 2004, questioning whether the proposed additional subject-matter added to the descriptive portion of the Specification had adequate support. On September 22, 2004, Applicant responded to the August 31, 2004 Office Action, describing the support for the modifications to the Specification. On December 20, 2004, yet another Office Action was mailed from the Examiner. Once again, objecting to the May 26, 2004 Amendment, asserting once again that the Applicant did not completely clarify the introduction of new matter into the disclosure identified from the previously filed Office Action. On January 17, 2005, Applicant filed his response to the December 20, 2004 Office Action, completely clarifying the amendments to the Specification, and providing support for an amendment from the other portions of the written Specification and/or drawing figures. On May 19, 2005, the Examiner mailed another Office Action Summary indicating that the January 17, 2005 Response was not fully responsive as the status identifiers were not all in conformance with the Revised Amendment Practice recently promulgated by the U.S.P.T.O., and advising Applicant that an election by original presentation may be imposed on applicant with regards to the proposed new claims 44-59. Although claims 1-9, 11-13 and 56-59 were indicated as pending in a previous Office Action, in the latest Office Action Summary, the Examiner indicated that the claims were not formally entered due to non-responsive amendment. Thus, only claims 1-43 were pending until the former matters were properly addressed. This Supplemental Response is intended to address the May 19, 2005 Office Action Summary, and in an effort to be fully responsive, Applicant has not only attempted to comply

with the Revised Amendment Practice of the U.S.P.T.O., but also include all of the previous amendments to the Specification, support for the same, arguments with respect to the cited references, etc., presented in all of the Responses/Amendments since the January 26, 2004 Office Action. If this Supplementary Response is not fully and completely responsive, Applicant requests that the Examiner contact the undersigned by telephone to discuss further.

In the January 26, 2004 Office Action, the drawings/specification was objected to once again. The restriction of claims 16-43 was maintained. The Declaration filed on December 8, 2003 was indicated as being sufficient to overcome Curley reference. However, claims 1-31 were rejected under 35 USC §103(a) as being unpatentable over Price et al. "College Accounting, 7<sup>th</sup> Edition" in combination with an "Official Notice". On May 5, 2004, Applicant, his attorney and the Examiner conducted an interview regarding the rejections. An agreement with respect to the claims and the relevance of the reference was not reached during this interview.

In response to the above-identified Office Action, Applicant has amended the Specification to conform with the previously submitted formal drawings. Applicant has also amended claims 1 and 11, cancelled claims 3-5, 10 and 14-15, and added new claims 44-59. Reexamination and reconsideration of the application, as amended, is respectfully requested.

#### DRAWING OBJECTIONS

The drawings were objected to under 37 CFR §1.83(a) in the August 4, 2003 Office Action based upon the assertion that they failed to describe FIGS. 2-5 as described in the Specification, and that FIG. 7 did not describe steps 3-6 as detailed from page 17 of the application. Furthermore, FIG. 1 failed to be labeled as prior art. In the August 4, 2003 Office Action, it was requested that any structural detail that was essential for a proper understanding of the disclosed invention should be shown in the drawing.

In the December 8, 2003 Response, Applicant provided a revised set of drawings which labeled steps and components of the drawings with reference numbers and labeled FIG. 1 (prior art). Portions of the Specification were amended to incorporate the reference numbers, provide added description of the figures, and correct deficiencies such as grammar or spelling deficiencies.

However, in the January 26, 2004 Office Action, the drawings were once again objected to as not being acceptable based upon the assertion that the drawings do not correspond to the descriptive portion of the Specification, pointing out various perceived inconsistencies.

In Response, Applicant submits herewith a substitute Specification incorporating changes in the Specification such that the Specification reflects the reference numbers in the drawings. Paragraphs have also been inserted to the Detailed Description of the Preferred Embodiment section having a basis in the original Specification and drawings to overcome the objections. No new matter has been added to the application. Applicant has taken the opportunity to correct a few misspellings as well. With these amendments, Applicant believes that there are no inconsistencies between the drawings and the revised Specification.

In response to an Office Action mailed August 31, 2004, wherein the Examiner questioned whether the proposed additional subject-matter added to the descriptive portion of the Specification had adequate support, Applicant provides the following in response:

With respect to the added material on page 3, Applicant merely added reference numeral "10", originally illustrated in FIG. 1, as indicated by the amendment.

With respect to the addition of "11" on line 1, page 4, this addition is merely to refer the reader to the pertinent portion of original FIG. 1, as well.

With respect to the modification on page 7, Applicant was merely correcting a grammatical error to alter "Books" to "books".

With respect to the additional material added as the last paragraph of page 11 to the first full paragraph of page 12, adequate support for this paragraph is found in original FIG. 2, as well as in the Summary of Invention section found on pages 7-10 of the original Specification.

With respect to the additions in the first full paragraph of page 12, the added material finds support in original FIG. 3.

With respect to the last paragraph on page 12, extending to the second full paragraph on page 13, this newly added matter finds support in FIG. 4, as well as in the Summary of Invention section, pages 7-10 of the Specification, and particularly pages 9-10 of the Specification.

Various reference numbers have been added, where appropriate, in the Specification on pages 13-19 so that the description in the Specification properly refers to the diagram in FIG. 4. Thus, FIG. 4 provides the support for these modifications.

With respect to the modification on page 20, line 7, Applicant took the opportunity to correct a grammatical error. No new matter was added.

With respect to the paragraph added at line 18, page 20, the support for this paragraph is found in the flow-chart of FIG. 5. Furthermore, support for this paragraph is found on pages 20-54, which describes these steps in detail.

Reference numbers have been added at the end of page 20 and top of page 21, which find support in FIG. 6.

In the first full paragraph on page 21, Applicant has taken the opportunity to correct two grammatical errors. On the remaining changes on page 21, include references numbers to FIG. 7 and find their support in FIG. 7.

On pages 22-28, reference numbers referring to FIG. 8, have been added as appropriate, the support being found in FIG. 8.

On pages 29-33, reference numbers have been added referring to FIG. 9, having their support in FIG. 9.

On pages 34 and 35, Applicant has added reference numbers referring to FIG. 10, where appropriate.

On pages 35 and 36, Applicant has added reference numbers referring to FIG. 11, where appropriate.

On page 38 and 40, Applicant has added reference numbers referring to FIG. 12, where appropriate.

At the bottom of page 52, Applicant has taken an opportunity to correct a misspelling.

Towards the bottom of page 53, Applicant has taken an opportunity to correct a misspelling.

Applicant believes that the foregoing addresses each modification to the Specification, as shown in the May 26, 2004 Amendment. Each modification has support in the originally-filed drawings and Specification. No new matter has been added. Instead, reference numbers have been assigned to the figures and incorporated into the Detailed Description section of the Specification, along with a description of the figure (pulled from the figure itself and Summary of Invention, for example) where necessary to adequately describe the content of the figure while actually referring to the individual boxes or step within the figure. Applicant respectfully asserts that this disclosure and information was contained within the original Specification and no new matter has been added to the Application due to the Amendment. Instead, the amendments were made to satisfy the objection in the previous Office Action, and to provide a clarification and organization to the Specification.

In the December 20, 2004 Office Action Summary, the Examiner questioned whether the material from the last paragraph of page 11 to the first full paragraph of page 12 had adequate support from pages 7-10 of the original specification or FIG. 2. The paragraph in question is as follows:

"With reference to FIG. 2, the present invention's  
method of apportionment of non-object related profit measure

specifies a method or allocation model (25) which will not change the ordinal or cardinal profit contribution ranking when only marginal profit measures are counted. This specification is what makes it possible to apply marginal measurement rules or models(20) with macro economic principals. The invention decomposes profit measurement and analytical calculations into five classifications, namely:

Marginal profit measures or funds transfer pricing (21) associated with use of the business' balance sheet resources;

Marginal cost measures or event costing (22);

Marginal measures or non-interest revenues (23) (non-interest or balance sheet related revenue);

Marginal measures of expected costs or revenues, also referred to as provisioning (24); and

Apportioned costs or indirect costing (26). These profit measurement analytical calculations result in a detailed profit measure (27)."

Applicant derived this "new" paragraph from the first and second paragraphs of page 8 of the Summary of the Invention as follows:

"The invention's method of apportionment of non-object related profit measures specifies a method which will not change the ordinal or cardinal profit contribution ranking when only marginal profit measures are counted. This specification is what makes it possible to apply marginal measurement rules (see Micro-economic theory literature) with macro economic principals; namely the sum-of-the-parts equals the whole criterion which is the basis of financial accounting theory and practice.

The invention decomposes profit measurement analytical calculations into five classifications:

6. Marginal profit measures associated with use of the business' balance sheet resources;
7. Marginal measures of non-balance oriented revenues;
8. Marginal cost measures;
9. Marginal measures of expected costs or revenues; and,
10. Apportioned cost measures."

FIG. 2 is directed to such a method of apportionment of non-object related profit measure and specifies or allocation model (25) which arrives at a detailed profit measure (27) by considering indirect costing (26) and marginal models (20) including funds transfer pricing (21), event costing (22), non-interest revenue (23) and provisioning (24). These classifications (21-24 and 26) correspond with the five classifications listed on page 8 of the Summary of the Invention. The new paragraph extending from page 11 to page 12 is merely a melding of the originally filed paragraph on page 8 and that disclosed in FIG. 2. For the most part, it is verbatim. Accordingly, applicant once again asserts that this new paragraph does indeed have basis in the disclosure filed originally and does not introduce new matter.

The Examiner also questioned whether the material from the first full paragraph of page 12 has adequate support from FIG. 3 of the original specification. The portion in question extending from the first paragraph of page 12 through the first paragraph of page 13 is as follows:

"With reference now to FIG. 3, once all five profit component measures are summed from the lowest level of profit detail (the "profit object"), a consistent set of profit values for all types of aggregations (30) are possible. DPM is

based on object level detail sourced from a business systems of record's cash flows (31), sourced from of customer's transactions, (object oriented events) (33) and sourced from management allocations of profit arising from non-customer related events (34). DPM provides both marginally and or fully absorbed profit measures using activity based costing techniques(35), something traditional "general ledger" based profit accounting systems can not accomplish due to reliance on aggregate debit and credit amounts (see Figs. 2-4.) This results in the smallest common component of profit measurement desired – the profit object (32) common to the business' organizations, products or customers."

Applicant previously indicated that all of the information in this paragraph was derived from FIG. 3. In fact, the information which was amended into this paragraph was also obtained from the Summary of the Invention, and finds support in other portions of the specification as well. For example, at the end of the first paragraph of page 8 of the Summary of the Invention states:

"This invention does this through a consistent application of measures to a class of business entities which represent the smallest common component of profit measurement desired - the Profit Object."

Thus, the object (32) of FIG. 3 is in fact the profit object, or the smallest, component of profit measurement desired, as stated in the original specification as indicated above.

The "from the lowest level of profit detail" addition on page 12 which the Examiner specifically referred to as not having support from the original specification is found on page 8, final paragraph, as follows:

“This classification provides for additive profit measures across the five components. The calculation process is designed to be independent across classes 1, 2, 3, & 4 above with the addition of class five to preserve sum-of-the-parts integrity without simultaneous calculations typically found in profit measurement processes. **When all five profit measures are summed at the lowest level of profit detail, a consistent set of profit values for all types of aggregations are possible** - all profit measurement then originates from the same point in a profit database.”  
(Emphasis added.)

The aggregation (30) portion of FIG. 3, is thus supported in the Summary of the Invention of the original Specification. The remaining amendments were simply the inclusion of all of the steps or boxes of FIG. 3, which would have been reasonably understood by one skilled in the art and not introducing “new” matter.

#### CLAIM OBJECTIONS

In the May 19, 2005 Office Action, the claims were objected to for failing to conform to the Revised Amendment Practice of the U.S.P.T.O. Applicant believes that this is due to the Examiner’s previous Restriction Requirement. Accordingly, claims 16-43 have been indicated as “withdrawn” as claims 16-31 are subject to a Restriction Requirement. However, Applicant once again asserts that claim 1 is generic, and reserves the right to re-introduce these claims if a generic claim is allowed. Claims 44-59 have once again been added and indicated as “New”, as the May 19, 2005 Office Action indicated that they were not previously entered. As indicated in the previous Responses, claims 44-48, 50-55, 57 and 58 are of a scope which are merely combinations of the subject-matter recited

in claims 1-15, which have been previously considered and are not subject to the Restriction Requirement. Claims 49, 56 and 59 are dependent claims which are not merely combinations of the subject matter recited in claims 1-15. Accordingly, Applicant believes that the claim objections have been overcome, but once again invites the Examiner to contact the undersigned directly by telephone if this is not the case.

#### CLAIM REJECTIONS

As indicated above, claims 16-31 are subject to a Restriction Requirement. The remaining claims (1-15) were rejected as being obvious in light of the Price publication and the Examiner's "Official Notice" regarding performing financial processing using computer software.

As part of the May 5, 2004 Interview with the Examiner, Applicant submitted a Declaration (which Examiner indicated would be entered into the record so as to be a part of this Response). In the Declaration, Applicant provided his expertise in this field, addressed the fact that the Price publication does not teach what is claimed in the present invention, and states the non-obviousness of the invention due to the benefits achieved by the present invention and the commercial success that it has attained.

During the Interview, the Examiner indicated that there might be an "intended use" concern with independent claim 1 due to the word "for" in the preamble. Applicant has amended claim 1 to delete "for" in the preamble to alleviate any such concern. During the Interview, Applicant explained the benefits derived by conducting the present invention in a relational database management system. The Examiner indicated that he was giving this consideration very little patentable weight as it was recited only in the preamble. Applicant has amended independent claim 1 to positively recite that a relational database is provided and that various steps are conducted within the relational database. Contrary to the statement in the May 7, 2004 Interview Summary, the Examiner maintained

his assertion that claim 1 did not define over the Price reference; and Applicant maintained his assertion that the Price reference did not teach Applicant's invention, as claimed in independent claim 1. The Examiner indicated that it was the Group Art Unit's policy that a "relational database" consisted of any group of information which was interrelated. Applicant has amended independent claim1 to positively recite an electronic relational database as well as to positively recite that many of the steps, including the preparing, establishing and calculating steps be performed within the electronic relational database. Applicant respectfully asserts that this is simply not addressed in either the Price or "Official Notice" rejections.

As indicated above, claim 1 is directed to a process that determines object level profitability in a relational database management system. An electronic relational database is provided and information to be accessed electronically through the relational database management system is prepared by extracting, conditioning and loading object attribute values, financial statement attribute values and event attribute values into the relational database. Rules are established in the relational database for processing the prepared information. Within the relational database, at least one marginal value of profit for each object being measured is simultaneously and independently calculated in parallel using the established rules. In the relational database, a fully absorbed profit adjustment value for each object being measured is then calculated. Finally, the at least one marginal value of profit and the full absorbed profit adjustment value are combined to create a measure for object level profitability.

New independent claim 44 specifies that the relational database is a structured query language relational database. The at least one marginal value of profit calculation is defined as calculating net interest, other revenue and direct expense. The calculation of the fully absorbed profit adjustment value for each object being measured is recited as including the

step of calculating the value for indirect expense. Otherwise, independent claim 44 contains the same recitations as independent claim 1.

While a single reference may serve as the basis of a rejection under 35 USC §103, that single reference must still disclose all the features of the claimed invention. To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. M.P.E.P. §2143.03 (citing *In re Royka*, 180 USPQ 580 (CCPA 1974). All words in a claim must be considered in judging the patentability of that claim against the prior art. *In re Wilson*, 165 USPQ 494, 496 (CCPA 1970).

Although Price may disclose a method of measuring profit based on factors of revenues, direct expenses, indirect expenses, and risk, as stated in the Declaration of Tad Lepman, dated April 27, 2004 (copy attached). Price actually discloses what is referred to in the present application as being "prior art", as illustrated in FIG. 1 and discussed in the background section of the present application. Price covers the basics of transactional accounting, or bookkeeping. Price does not discuss methods of marginal pricing necessary for object profit measures which are more detailed than departmental or business segments. In contrast to the present invention, Price states that interest income and interest expense are not allocated in responsibility accounting. Price's scope is financial bookkeeping and not economic theory or market based financial concepts, and thus it is silent on the concepts of fund transfer pricing or of risk base adjustment to profit measures.

In particular, there is no discussion whatsoever in Price as to preparing information to be accessed electronically through a relational database, or establishing the rules necessary in a relational database for processing and preparing information. Price's accounting rules do not lead to relational database formulation or mathematical rules making parallel computer financial calculation possible.

As stated in paragraphs 6-8 of Mr. Lepman's Declaration, the steps of extracting, conditioning and loading object attribute values, financial

statement attribute values and event attribute values into a relational database is not discussed whatsoever in Price. Moreover, as Mr. Lepman states, Price would consider it completely unnecessary for transactional accounting or marginal valuing attributes. Thus, Price teaches away from these recitations, which are now in independent claim 1 (as well as new independent claims 44, 50, 56 and 57).

Claims 6, 45, 52 and 58 recite that the preparing step includes a step of calculating opportunity values of funds used or supplied by each object being measured. Mr. Lepman, in paragraph 9 of his Declaration, states that Price is totally silent on how to properly value balance sheet dynamics in responsibility accounting and thus completely ignores this step.

With respect to claims 7, 36 and 53, Mr. Lepman, in paragraph 10 of his Declaration, states that Price is completely silent on establishing steps of providing the information necessary to select objects, and performing correct profit calculus.

With respect to claims 1, 8, 11, 12, 44, 50, 56 and 57, Mr. Lepman, in his Declaration, states that Price does not mention the profit calculation recited in these claims which is required to value a financial objects balance sheet dynamic. Mr. Lepman states that due to the fact that Price is directed to the creation of financial statements in a traditional accounting sense, Price simply does not imply the use of expected valuing in risk provisioning or combining at least one marginal value of calculated profit and fully absorbed profit adjustment values to create a measure for object level profitability.

With respect to claims 13, 48, 54 and 59, no economic adjustment is proscribed for taxes and/or object economic value in Price.

In light of the foregoing, Applicant respectfully submits that Price does not teach or suggest all of the claim limitations of the present application.

In the above-identified Office Action, the Examiner took "official notice" that performing financial processing using computer software is common knowledge in the art. Moreover, the Examiner asserted that "to have provided a method of performing a financial process for an account using software for a computer measuring profit based on the factors of net interest revenue, other revenues, direct expenses, indirect expenses and risks, also have to take advantage of flexible business rules to calculate known variations of one of the factors e.g. net interest revenue, would have been obvious to one of ordinary skill in the art". Applicant respectfully disagrees and traverses this basis of rejection. Applicant is not merely claiming financial processing using computer software. Instead, Applicant is claiming a process for determining object level profitability in a relational database management system. Utilizing an electronic relational database in accordance with the present invention allows at least one marginal value of profit for each object being measured to be simultaneously and independently calculated in parallel. As stated by Mr. Lepman, in paragraph 14 of his Declaration, although account level profitability has been attempted with limited success using computer software, object level profitability using a relational database management system was not in place before his invention and provides many benefits over prior methodologies and systems. Calculating in parallel in accordance with the present invention allows "bottoms up" or behaviorally based calculation in determination of object level profitability in a manner which has been heretofore unattainable. The Examiner simply has not provided supporting documentation to show that such calculations would have been obvious to have been performed in a relational database using parallel computations in the manner recited in Applicant's independent claims at the time the application was filed.

Tad Lepman, in paragraphs 15-26 (referring to Exhibits B-M) points to the problem of companies who were unable to figure out how profitable their customers were. Mr. Lepman also describes the success that the

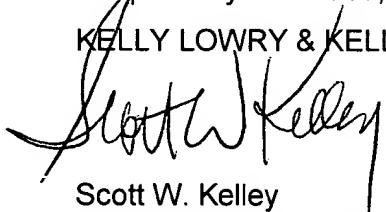
present invention has attained, as well as the awards that it has won. Such success in the industry is evidence of the non-obviousness of the invention and counters the “official notice” that the invention is merely performing financial processing using computer software that is common knowledge in the art.

The United States Supreme Court in Graham v. John Deere Co., 383 U.S. 1 (1966) required that to make out a case of obviousness, one must: (a) determine the scope and contents of the prior art; (b) ascertain the differences between the prior art and the claims in issue; (c) determine the level of skill in the pertinent art; and (d) evaluate any evidence of secondary considerations. MPEP §716 et. seq. and §2144 et. seq. require the Examiner to consider such secondary considerations such as commercial success in determining obviousness. Mr. Lepman’s Declaration specifically discusses the previous unsolved need of companies who are unable to figure out how profitable their customers were (see Lepman Declaration, paragraph 15 and Exhibit B). Mr. Lepman, in his Declaration, has also shown the commercial success of his invention due to the embracing of the invention by many major companies and the awards that it has received (see Lepman Declaration, paragraphs 16-26). Such secondary considerations must be given substantial weight in the determination of obviousness or non-obviousness. See e.g. United States v. Adams, 383 U.S. 39 (1966); and In re Piasecki, 745 F.2d 1468 (Fed. Cir. 1984). Applicant respectfully asserts that when given the proper weight and consideration, such secondary considerations overcome the “official notice” and evidence the fact that the present invention was not obvious at the time of invention and filing of the present application.

Thus, Applicant respectfully asserts, that the "official notice" combined with Price still fail to teach or suggest the present invention, as recited in the currently pending claims. Accordingly, Applicant believes that the application is in condition for allowance, notice of which is hereby respectfully requested.

Respectfully submitted,

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SWK/maf

Attachments: Replacement Sheets - Specification

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